



# SUSTAINABILITY REPORT 2020



## BLYBERG

TIMBER 230,000 m<sup>3</sup>  
 PINE 55%  
 SPRUCE 45 %



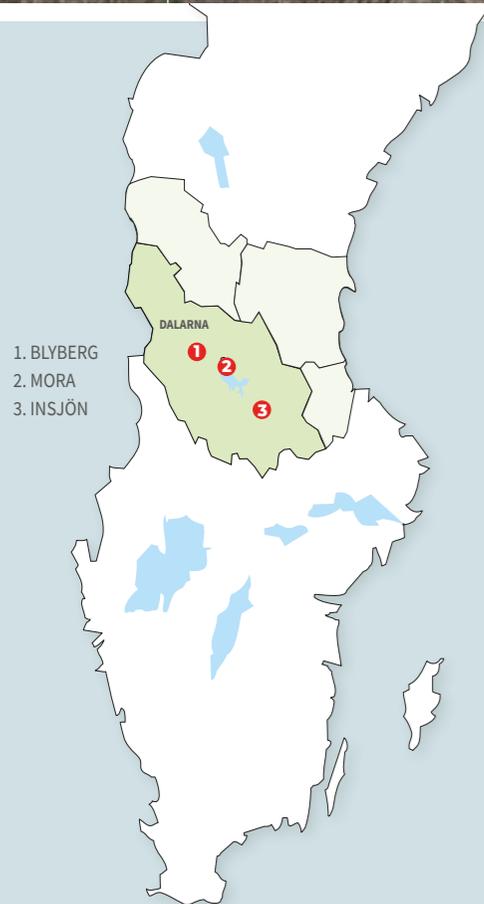
## MORA

TIMBER 190,000 m<sup>3</sup>  
 PINE 95%  
 SPRUCE 5%



## INSJÖN

TIMBER 400,000 m<sup>3</sup>  
 SPRUCE 100%



- 1. BLYBERG
- 2. MORA
- 3. INSJÖN

Bergkvist Siljan is a modern sawmill group in Dalarna and a global supplier of sawn wood products. Our three production sites in Dalarna are strategically located in close proximity to the high-quality raw materials that are to be found in Central Sweden.

The investment fund, ESSVP IV (*which is advised by Orlando Nordics AB*), is principal owner of the group, but some of the Board members and group management are also part of the ownership structure.

The group's success derives from the committed efforts of 270 employees and the close collaboration we have with our customers and suppliers.

Those of us who work at Bergkvist Siljan are proud to manage and process the local raw material. For us, sustainability is an important and integrated approach which characterises the entire group.

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# Our sustainability efforts are progressing – despite unexpected circumstances

**2020 has entailed major adjustments for Bergkvist Siljan. The change management has proceeded as planned, but what nobody expected was a pandemic.**

**"Our goal is to gain the support of all employees for all aspects of our sustainability efforts, both major and minor, but it is a challenge during the current pandemic," says Anders Nilsson, CEO of Bergkvist Siljan.**

Since the merger of Bergkvist Siljan, a major focus has been placed on organisational development and to build the group's different cornerstones. Sustainability issues have been reviewed, environmental and certification procedures have been upgraded, the company has applied for an environmental permit and, above all, the safety work has been put in place – a task that everyone can be really satisfied with, according to Anders Nilsson.

"We have completed all the changes which we decided to implement, but we had to radically adapt our ways of working. Change management is hard enough under normal conditions, and this year the situation with Covid-19 has placed even higher demands on employees and managers."

Digital meetings and new ways of working have worked well for some, less well for others. It has led to new ways of leading the organisation, but it has also made it difficult to measure the work that is done.

"As it has not been possible to deploy the classic ways of measuring changes, it is hard to ascertain how well supported the sustainability efforts are among the employees. Our aim is to achieve a reduced environmental impact throughout the value chain and clear goals which everybody understands and can be involved in realising. We might have

progressed further than we think, but it is a task that must be ensured going forward," Anders Nilsson says.

## THE YEAR'S MOST IMPORTANT ISSUE CONCERNS THE EMPLOYEES

The pandemic is not yet over. Thus far, Bergkvist Siljan has got by with limited consequences from Covid-19 in the form of sick leave and spread of infection. However, as nobody knows when the end date will be, long-term initiatives might be needed to operate the business as safely as possible.

At the same time, the general sustainability work continues in the everyday operation. It entails recruiting to ensure diversity, following the environmental goals that have been set, and contributing to improvements, both major and minor.

"The big challenge is getting everybody to stay vigilant. We mustn't relax, despite the fact that it has gone well so far. We need to continue doing our utmost as a company, and as employees, to ensure that we come out of this pandemic as unscathed as possible. Right now that is the most important sustainability issue on the agenda," Anders Nilsson says.



**We base our sustainability efforts on the UN's global goals for 2030, and we are focusing on these areas:**

- environment
- social conditions and human rights
- personnel and work environment
- anti-corruption

Anders Nilsson, CEO Bergkvist Siljan

# This is how we work with sustainability

**For us, sustainability work is a deliberate, long-term strategy which permeates the entire operation. Besides the global climate challenges, we manage risks related to social responsibility, finances and business ethics. The sustainability work gives us a holistic approach to the whole group, more effective control and makes it easier for us to make well-founded decisions.**

Our philosophy for the environmental management is simple. It is about humility and seeing the bigger picture. Trying to perceive the connections in the natural world, which are way above us and our short-term interests. And taking consequences for future generations into consideration before making decisions that can affect the forest.

All companies in the Bergkvist Siljan group have been certified since 1 January 2012 according to leading standards for sustainable forestry. We know that the transition from fossil to renewables, such as wood, is a part of the solution for us and for future generations. In recent years, demand for certified timber has increased in several markets – a development which we believe will be lasting. Our most important task in reducing climate emissions is thus to increase sales of our sawn wood products, and in particular to sectors where the products have a long usage period, such as construction timber.

## ENVIRONMENTAL CERTIFICATION IS A PREREQUISITE

As a guarantee that the products have been produced sustainably, we work solely with environmentally certified subcontractors. The certification systems are based on active engagement with a sound financial return, social responsibility as well as respect for biodiversity, cultural

relics and other environmental values. We obtain our raw materials from high-quality local areas where spruce and pine have grown slowly and have tightly spaced annual growth rings. This raw material constitutes the basis for high-quality wooden buildings which last for generations.

## EMPLOYEE ENGAGEMENT KEY

Our major challenge is to get all employees to think sustainability and to get the message out into everyday decisions. In this context, we must educate, inform and discuss on a continuous basis to make sustainability a natural perspective. We follow the UN's 17 global goals for sustainable development, which set a common agenda for 2030. Bergkvist Siljan has made it a priority to focus on the following perspectives: environment, social conditions and human rights, personnel and work environment, as well as anti-corruption.

## IDENTIFICATION OF RISKS

We are exposed to a number of risks within all focus areas that can have an impact on the company and its development. Identifying and analysing the risks on a continuous basis means that we have a good chance of avoiding them. Examples of this are reconstruction/conversions, specially adapted safety equipment or other aids which eliminate the risk of accidents.

## SUSTAINABLE DEVELOPMENT GOALS



### Environment

A large part of our sustainability efforts involve acting correctly as early as the procurement stage for raw materials. Incorrect forestry, with poor maintenance, over-harvesting or felling of protected areas, risks causing damage instead of enhancing the forest. In the short-term, poor forestry primarily entails a financial risk for the group, but in the longer-term, it can lead to a reduced amount of forest land that is available for forestry or lower growth in the forest. This would reduce the opportunity for both us and the industry as a whole to utilise the forest's resources to the same extent. We consequently work with continuous skills development of both our own personnel who are engaged in forestry work and all contractors in our ecosystem. Read more on pages 12–17 and 26–31.

### Social conditions and human rights



In the countries where we export our sawn wood products there is a higher risk of there being inadequate respect for human rights. We often visit our customers at their facilities and only deal with customers which comply with human rights. Read more on pages 32–33.

### Personnel and work environment



The wood products industry is burdened with two major problematic areas, work environment and gender equality. The primary risk for the group from these areas is not having access to the right skills, as there is a danger of these areas reducing our attractiveness as an employer, and in particular narrowing down the recruitment base if we are not an inclusive employer. We have a structured approach in order to create insight and drive continuous improvements within the work environment. Gender equality is addressed partly through actively highlighting the culture that exists in the company, and partly through supporting long-term local initiatives to attract more young women into the industry. Read more on pages 20–25.

### Anti-corruption



We are active in markets with higher corruption risks than in the Swedish market in isolation. These corruption risks constitute a continuous threat to Bergkvist Siljan's values of conducting responsible business, and risk having an adverse impact on the company's reputation as well as its financial position. To reduce the risk of corruption, we have a clear anti-corruption policy, where the four eyes principle applies to all contract closures. All managers in our management forum also undergo training in anti-corruption every other year. Read more on pages 32–33.

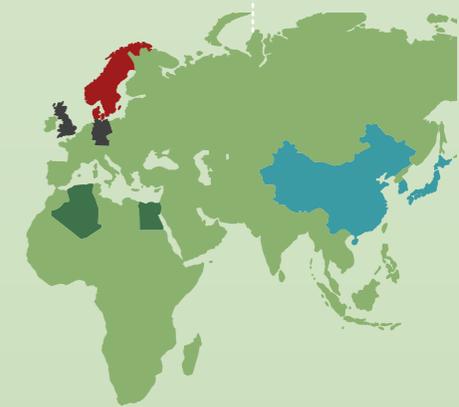
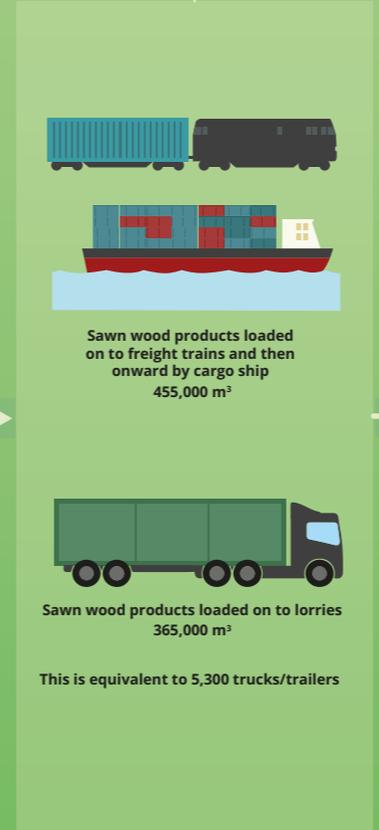
**RAW MATERIAL TO SAWMILLS**  
 The raw material comes from local forest owners and contractors within the proximity of the respective sawmill

**PROCESSING**

**TRANSPORTATION**

**CUSTOMER VALUE**

**MARKETS**



- 42%** Asia
- 28%** Scandinavia
- 16%** Africa
- 12%** Europe
- 2%** North America

This is Bergkvist Siljan

”Right now there are five of us women out of about forty employees. It is nice when women come to the saw, but I have never experienced any problems working with just men. It works well, and I have fantastic colleagues”

Ann-Charlott Roos has been working as an operator on the saw and dry sorting in Mora since 2001.



**271 GWh**

heat energy produced per year together with Biodal Kraftvärme



**47%**

of our raw materials derive from forests within a hundred kilometre radius of one of our sawmills

This is how the log's parts are used. Just over half of the raw material becomes sawn timber.



**820,000 m<sup>3</sup>**  
timber produced during 2020

spruce **63%**  
pine **37%**

# Raw materials from sustainable forestry

During 2020, Bergkvist Siljan sourced all its raw materials through its subsidiaries Bergkvist Siljan Skog and Weda Skog. From 2021, all raw materials will be sourced exclusively through the wholly-owned subsidiary, Bergkvist Siljan Skog. All raw materials must meet our raw materials policy for sustainable and responsible forestry. Harvesting entails taking nature into consideration, and also that forests and natural areas with high preservation values are exempted. There is high demand for both PEFC- and FSC®-certified timber among our customers.

Bergkvist Siljan Skog is working actively to be able to meet this demand and simultaneously contribute to sustainable forestry. Certification, and the recurrent audits thus required, constitute the foundations for our operations. Even though not all the raw materials purchased are certified, they are produced by certified contractors. In addition, all lumber must be traceable.

Bergkvist Siljan Skog also contributes to increasing the proportion of certified forest owners and contractors in its area of operations. We do this through, among

other things, being part-owner of and agent for Prosilva Skogscertifiering AB.

Certifying a forest is a long-term undertaking where the forest owner undertakes to managed the forest responsibly and sustainably. This entails forest production with a financial return, where consideration is taken to both environmental and social factors – in relation to each individual action. Certification provides awareness of all the forest's values and demonstrates the responsibility and consideration that exists among forest owners in Sweden.



**Bergkvist Siljan Skog**  
Our products are FSC®(FSC-C007885) or PEFC-certified, or must as a minimum meet the FSC®(FSC-C007885) standard for controlled wood FSC®(FSC-C007885).



Märket för ansvarsfullt skogsbruk

**FSC®: FOREST STEWARDSHIP COUNCIL** is a non-profit members organisation which works to ensure that the world's forests are managed in an environmentally, socially and economically responsible way.

**PEFC: PROGRAMME FOR THE ENDORSEMENT OF FOREST CERTIFICATION** is a non-profit organisation that operates a system for certification of, primarily, family-based forestry. The aim is financially sustainable and valuable forest production at the same time as biodiversity is conserved and the cultural environment, and social and aesthetic values are preserved.



**BERGKVIST SILJAN SKOG**

**1 assignment**

To supply logs for the industries

**2 channels**

Own and external purchasing

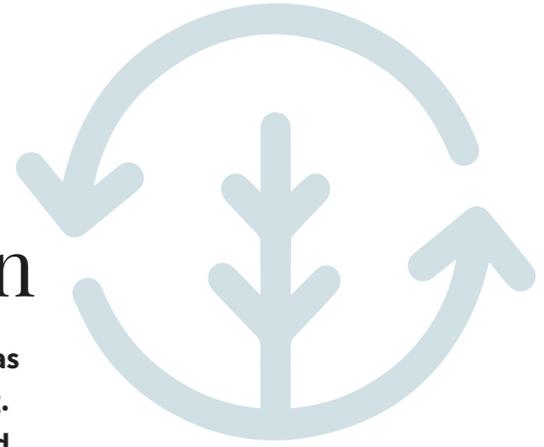
**3 assortments**

Logs, pulpwood, energy products

*“We are continuing to work with a long-term approach and local support”*

Katarina Mowitz, CEO Bergkvist Siljan Skog

# We are developing the new forest organisation



**In September a large proportion of the Weda Skog company was merged into the raw materials company, Bergkvist Siljan Skog.**

**"We now have the chance to take the best of both worlds and develop something new that we really believe in," says Katarina Mowitz, new CEO and the person leading the merger.**

Katarina Mowitz took the role as new CEO at Bergkvist Siljan Skog on October 1st. She is a qualified forester and her most recent position was at Biometria as Head of Wood and Energy. The work of amalgamation is now underway, with estimated completion at the turn of the year, and there is a lot that has to be organised: everything from the right logo on the work clothes to an updated IT system and relevant agreements with forest owners.

"It's fantastic to have the opportunity to join a company as CEO with a constellation that is one month old. We can now start with a blank page, take the best parts from both Weda Skog and Bergkvist Siljan and choose the best route forward," Katarina Mowitz says.

### COVID-19 HAS AFFECTED THE ENTIRE GROUP

2020 has not been an ordinary year. Covid-19 has affected us all, and Katarina Mowitz talks about the shock that everybody felt when the pandemic hit in March.

"There was a lot of nervousness that the timber market would stop altogether when large parts of Asia closed down. But it has nevertheless been OK, thanks to skilled salespersons who found other routes, and a little bit of luck

with currencies. On the forest side, we have not been able to meet buyers and forest owners as usual, but we have had to change our way of working," Katarina Mowitz says.

### A SUSTAINABLE INDUSTRY OF THE FUTURE

Something that has become clearer in these pandemic times is that a lot can be resolved digitally, which Katarina Mowitz views as sustainable. And for a group such as Bergkvist Siljan, every step counts. There is no quick fix, rather it is a constantly ongoing improvement process from plant to plank. It applies from production methods and choice of fuel, to digital meetings and shipments out into the world. Our business requires both a long-term approach and a focus on sustainable management.

"This is an industry of the future! We are sustainable in the way that we harvest a tree, we use a tree and we plant a tree. We obtain heat, buildings, boxes, clothes, furniture and fuel from this fantastic raw material. The wood is re-used and new forests are planted. If we are prudent, we can both use what we have today, and leave something really good behind us for our children.



# The global wood trend is expanding

**Wood is increasingly being used for sustainable construction, which was also noticeable during 2020, the year of the pandemic. The Swedish forestry industry and its certified raw materials are viewed as an example throughout the world from an environmental perspective.**

"We feel that the movement towards sustainable construction remains strong. Even though the pandemic has turned the world upside down, there is high demand for sawn, planed and processed wood products – for everything from decking to interiors. The fact that our industry is remaining strong even in a global crisis situation feels really good," says Per-Ragnar Bergkvist, marketing manager at Bergkvist Siljan.

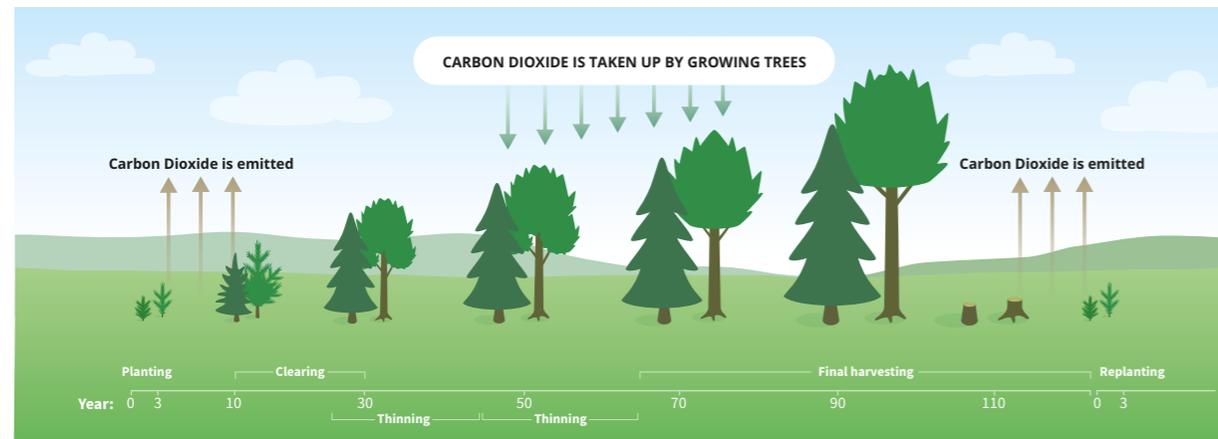
During the year there has been high demand for wood products throughout the world, with North Africa, Asia, Scandinavia, Europe and the US as major markets. When Covid-19 hit, exports continued to go well, largely thanks to the stable freight solution comprising containers from Insjön.

"Our container solution has proven to be the right strategy and has created a competitive advantage for us. Furthermore,

it is sustainable from an environmental point of view. Communication with customers and employees around the world has also had to become more digital, which can save some travel going forward," Per-Ragnar Bergkvist feels.

In Scandinavia increasing numbers of buildings are being constructed in wood and in Sweden several CLT factories producing cross-laminated timber have been erected during the year. Choosing wood is both sustainable and climate-smart if the entire life-cycle is taken into account. Growing forests binds more carbon dioxide, with the forest consequently providing more climate-benefit the more it is managed.

"Things are moving in the right direction and I am convinced that the trend towards sustainable construction in wood will continue with stable growth," Per-Ragnar Bergkvist says.



*“In Scandinavia the trend for carpenters to build homes and patios has been incredibly strong throughout the year”*



Per-Ragnar Bergkvist, marketing manager

On the right, interiors from Chinese children's rooms, where the wood products are supplied by Bergkvist Siljan Skog.



## China is increasingly building in wood

**A large proportion of Bergkvist Siljan's wood products are shipped to Asia, where they are primarily used for furniture, interior fittings and construction. Wendy Zhu has been working as salesperson in the Chinese office in Shanghai since 2012 and has since then seen a rapidly growing demand for Swedish spruce and pine.**

China has a long history of building in wood, with large numbers of traditional wooden buildings. Today China is the world's largest construction market, with ten million new apartments completed every year.

In 2015 China decided to promote industrial construction in wood for housing, offices and schools as a part of the strategy to build sustainable and climate-smart cities.

The fact that solid wood from pine or spruce is natural, environmentally-friendly and non-toxic, has also led to Chinese parents increasingly selecting wooden furniture for their children's rooms.

"In line with the Chinese having a better economy and larger living areas, they are choosing to invest a lot in their children, with their own rooms and high-quality interior fittings," Wendy Zhu reports.

During the eight years that Wendy Zhu has worked at Bergkvist Siljan, the price for wooden furniture has fallen, which means that more Chinese can afford to buy it. It is due to the development in furniture design and that demand today is for natural wood with visible knots. There is thereby

less waste and decreased production costs. Wendy Zhu and her two colleagues in Shanghai have been affected by the pandemic during 2020. The multi-million city of Shanghai had its first case of Covid-19 in February. This coincided with the Chinese New Year, and the state therefore extended the national celebration to two weeks, instead of one. Everybody stayed at home, but Wendy was able to return to the office fairly quickly.

"We are living a normal life and feel safe in the office as there are only three of us here. We take the car to work, which Bergkvist Siljan pays for as employer, so we can avoid buses and the subway.

Even though the pandemic has had a substantial effect on the flow of containers in the world, it has not had an adverse impact on business with wood products in spruce and pine," reports Wendy Zhu, who also sells Swedish wood products to South Korea, Vietnam and Cambodia. Rather, the spring's pandemic situation led to new needs, such as more beds made in wood for the hospitals in China.

*”Demand for wood products is growing stronger in several countries in Asia”*

Wendy Zhu, Chief Representative China



# The work environment is a high priority

Within Bergkvist Siljan we are working constantly to create a systematic process to improve the work environment. We are providing BAM (*Better work environment*) training for more managers, safety officers and shift coordinators. The plan is to educate five representatives from these occupational roles each year within the group. Covid-19 has meant that we have not been able to conduct any BAM training during 2020 as planned. We will therefore deliver the BAM training digitally during 2021.

## INCIDENTS AND ACCIDENTS DURING THE YEAR

We use the SIA system, which is specially designed for the sawmill industry, to report risk observations, incidents and accidents. 247 risk observations have been reported during 2020. This has enabled us to take preventive measures such as raising beams in the ceiling, covering over sharp edges, procuring special cut-resistant gloves and increasing

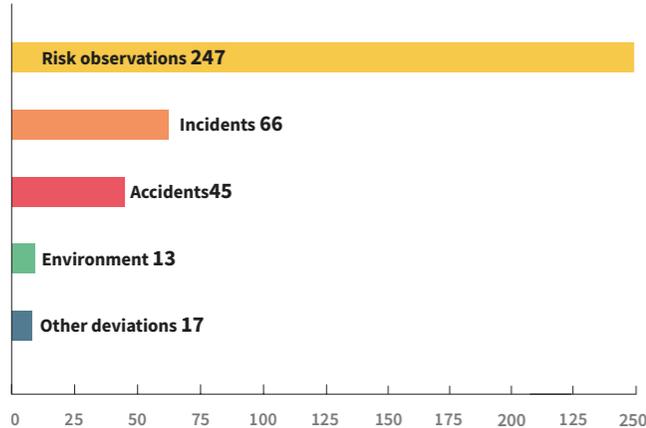
information about the importance of always using protective equipment. We are now working with the same guidelines when it comes to protection and safety, as well as policies and procedures at all three production units.

## PROTECTION AND SAFETY MEETINGS

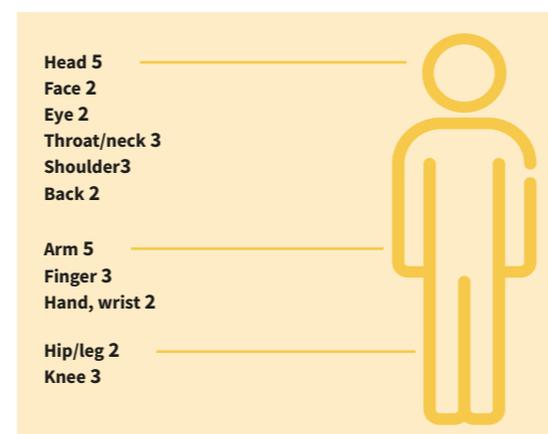
We have held protection and safety meetings with all employees during 2020. We will continue with this once a year, with the next occasion in autumn 2021.

We have not been able to conduct training courses within CPR or fire protection during the pandemic. We completed the training in Hot Work, but in small groups. The Safety Committee has produced a training plan for these courses during 2021. Our most important goal is to have healthy employees who work in our plants and who arrive home safe and sound at the end of each day.

REPORTED IN SIA 2020 (Blyberg, Mora and Insjön)



INJURED PART OF THE BODY (Blyberg, Mora and Insjön)



## Five of our most important goals for work environment management



A safe, sustainable and healthy work environment is a top priority. At our production units we have new, more reflective work clothes, which provide high visibility and increased safety. All employees receive information about using the protective equipment required for the job. In order to maintain the use of protective equipment, we provide information via the Safety Committee, reporting via safety officers and direct reminders between colleagues.



We follow-up sick leave that is caused by incidents and accidents in SIA. All three production units work actively with SIA. New policies for this are available on our new intranet and are presented on info screens out in the plants. We have succeeded in avoiding any internal spread of Covid-19 during 2020, despite a small number of established cases within the group.



All departmental managers must have a documented safety meeting with each employee on one occasion per year. Safety meetings were conducted at all three production units during 2020, and plans are in place for 2021.



Action against bullying and harassment takes place via conversations or internal whistle-blowers. The Safety Committee will prepare an annual plan for this task, so that all three units follow the same procedures. We will also be more proactive in providing information about this issue on our info screens out in the plants.



We have a long-term scheme to bring in more women and greater diversity in all business areas. HR manager, site managers and supervisors are actively engaged in this. When we advertise externally, we state that we would like to see female applicants. We have reduced the proportion of women in the plants during 2020, compared with the year before.

## Sick leave

due to workplace accidents\*



9 persons

2020



3 persons

2019

(applies solely to Insjön)

The majority of incidents involved fork-lift trucks.

\*1-14 days sick leave



# Gender equality and diversity – continuous efforts

**A priority objective for Bergkvist Siljan is to increase diversity. An open environment where diversity prevails is crucial for innovation and a satisfactory corporate climate. The focus is therefore on deliberate recruitment and increasing the level of knowledge in the company regarding the importance of diversity.**

To be an attractive, inclusive and innovative employer, it is self-evident that Bergkvist Siljan should focus on gender equality and diversity. Since the Bergkvist Siljan group was established, a plan of action has been produced for gender equality, a policy for diversity and a whistle-blower function.

"We want to increase diversity, and we always include it as a natural part of recruitment. We think about channels, advertisement designs and like to challenge the recruiting manager to question prevailing norms. It is a deliberate process that should permeate the entire group," says Christina Gunroth Olsson, HR manager at Bergkvist Siljan.

Recruitment is an important part of our diversity efforts. Working with what we already have, is another. During 2020, we have therefore started to train the personnel. The goal is to increase awareness and knowledge about the importance of diversity in the organisation, and to highlight things that we might not think about in our everyday lives.

"It is very important that it is not just a nice word, but that there really is an understanding that diversity is crucial in enabling us to be at the cutting edge as a company, and be an attractive workplace with staffing that reflects the

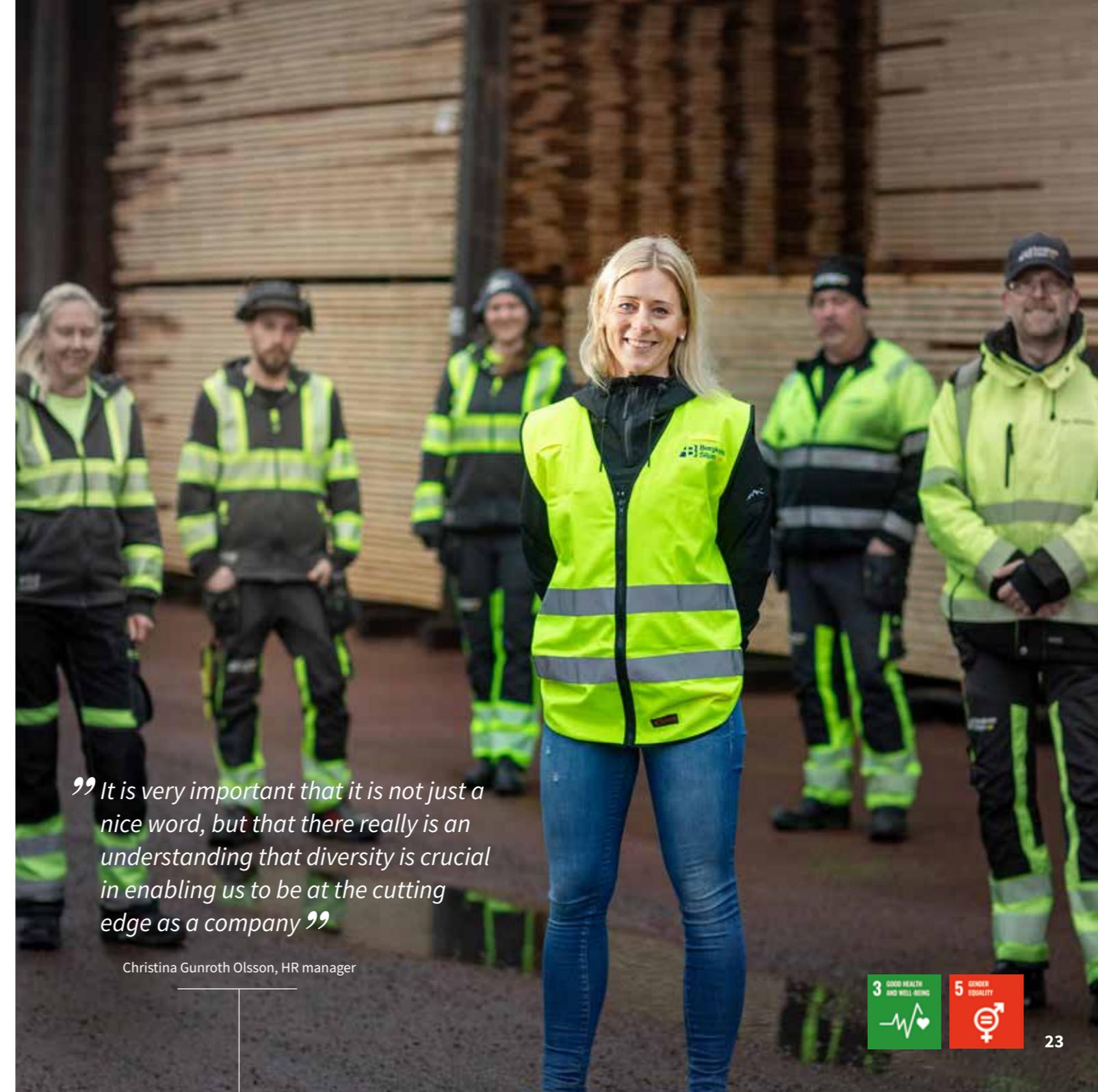
society in which we live. And in this context we have a journey to make," says Christina Gunroth Olsson.

## THE YEAR CHARACTERISED BY COVID-19 AND NEW ORGANISATION

Much of HR's work during 2020 has entailed creating a common culture during the pandemic. Classic ways to create a we-feeling, such as joint meetings and kick-offs, have not been possible. Instead employees have met on Teams.

"Nevertheless, I feel that we have been spared the worst: with large spaces, our own offices and own cars to get to work, many of the office staff have been able to be on site. With regular information, hand sanitiser and face masks in the production plants, we have been successful in avoiding spread of infection in the workplace," Christina Gunroth Olsson says.

The merger of the raw materials companies during the autumn has entailed some reorganisation. New employees have arrived, other have chosen to move on. The introduction plan has been updated, and tested. It is an important tool to ensure that all employees are well received and have a good introduction to Bergkvist Siljan, from both a practical and a social perspective.



*“It is very important that it is not just a nice word, but that there really is an understanding that diversity is crucial in enabling us to be at the cutting edge as a company”*

Christina Gunroth Olsson, HR manager





“Above all, it has been great workmates that have made me stay on”

Ove Lövgren, sawmill operator in Blyberg

**Ove Lövgren** works in green sorting at the sawmill in Blyberg. In January he starts his 48th year in the same workplace. There have been major changes in both working method and production rate since 1973, when Ove started at the sawmill in Blyberg.

"There was a lot more manual work before than there is today. It is considerably more modern now, and we run the saw with a seven–eight times higher production now than when I started here.

The fact that Ove has chosen to stay for what will soon be 50 years in the same workplace, is primarily down to good colleagues.

"Working here is great, otherwise I wouldn't have stayed for so long," Ove says.

**Samuel Brunsberg** is a timber purchaser and has been working since the first of September at Bergkvist Siljan Skog in Leksand, after just over a year at Weda Skog.

"What is most enjoyable about the job is being out in the forest with nice land owners, discussing what to do and arriving at good solutions that they are satisfied with. On top of that, it's good to have such a varied job, to be out in the forest as well as in the office," Samuel says.

And 2020 has involved being outdoors a lot. During Covid-19, the timber purchasers have met the forest owners outdoors to the greatest extent possible, which has worked well.

"If we meet in the forest and maintain a distance there is no significant risk. We have also been able to deal with certain matters over the phone. But of course, there haven't been so many coffees at the homes of the forest owners."

During the autumn Samuel has been on 60 per cent parental leave and has mainly focused on office work during the two days he has been at work. Much of it has involved transferring contracts over from Weda Skog's system to Bergkvist Siljan Skog after the merger.

"That is what has worked best in our situation at home with my partner, and I am delighted that it has been possible to resolve it in that way. However, from February I am returning to full-time, and it feels good.

"It has been a bit hectic, but now everything is starting to fall into place in terms of what the new organisation should be like. I think that 2021 is going to be very good," Samuel says.

Samuel Brunsberg, timber purchaser in Leksand





Jan Hansson, production engineer

# Biofuels dry our products

**A large proportion of the logs that arrive at our sawmill are used as chips for the pulp industry or as biofuel for energy production. By using fuel and by-products from the industry, we can avoid unnecessary transports and emissions.**

Bergkvist Siljan has six of its own biomass boilers – three in Insjön, two in Mora and one in Blyberg. They are powered by the energy products which arise in our saw production, and are used mainly to dry sawn products.

Sawn wood products need to be dried before they are delivered, so that they have the right moisture content.

Drier wood products have a lower weight, which is very important as the transportation distance out to the customers is longer than the log's route to the sawmills.

During 2020 our boilers generated 271 GWh, eleven per cent of which went to the local district heating network in Insjön and Mora.

## Four priority goals to reduce emissions of climate gases



### Optimise the saw yield from each log

During 2020, Bergkvist Siljan has improved saw yield and reduced the number of lorries by over 400, compared with our previous yield. We are continuing with this, and our aim for 2021 is to achieve an improvement in line with 2020.



### Change fuel mix in the boilers, as well as secure greater self-sufficiency of fuel

Since summer 2020 we have succeeded in changing the fuel mix that is used in the boilers, so that we are now completely self-sufficient in fuel. In forthcoming years we want to increase the efficiency of our boilers in order to be able to burn even more wet fuel and thereby free up a high-quality assortment for external partners.



### Reduce electricity consumption in the plant as a whole

This applies primarily to our saw line, where our greatest consumption is. Our electricity manager is monitoring this on a continuous basis.



### Improve the drying process in the wood drying kilns

The greatest energy consumption in our production flow is in the wood drying kilns. In the future, we will make continuous improvements to the drying programmes, in order to obtain a more effective drying process with higher quality. During 2021, we will ensure a more standardised flow, which will provide better conditions for optimisation. Initial tests show that it is possible to shorten drying times by up to 20 per cent for the products and the flows with the highest potential. The drying technicians at the respective sawmills are responsible.

Annual heat energy generated, total

**271 GWh**

**67 GWh**  
Blyberg

**74 GWh**  
Mora

**130 GWh**  
Insjön

**31 GWh**  
sold to district heating network (11%)  
which is sufficient to heat

**1,860**  
detached houses

## TRANSPORT FACTS FROM THE TERMINAL IN INSJÖN

- five fully loaded trains per week run return trips to Gothenburg port.
- our trains are 630 metres long and consist of 44 wagons each.
- 38,000 TEU goes through the terminal (1 TEU = one 20 foot container).
- Seventh largest terminal in Sweden in turnover compared to coastal ports.



” We are loading containers here to fill five trains each week. The trains then go to the container terminal in Gothenburg, from where they are shipped to the world ”

Jörgen Fernvik, product manager

# Sustainable shipments out into the world

**The logistics are a very important part of the work of producing a long-term and sustainable marketing and production strategy for Bergkvist Siljan. A large part of our competitiveness lies in being able to offer stable and sustainable logistics flows to our customers.**

For us, this above all entails selecting as sustainable and environmentally-friendly transportation as possible, as well as reducing shipments through, for example, coordination.

## MORE TRANSPORTS BY RAIL AND SEA

Our goal is to increase the proportion of transports by rail and sea. And there are good conditions for more shipments by rail, as all three production units are connected to the national rail network. Our own container terminal in Insjön is also an important transport hub. Five fully loaded trains run every week from our container terminal to the container terminal in Gothenburg, where they are then loaded on to ocean-going container ships and onward out into the world.

The possibility also exists of delivering to container terminals in Gävle port and in Norvik, south of Stockholm. From Blyberg and Mora, wood products are loaded directly on to train wagons and not containers. The wagons with wood products are then delivered to other ports for reloading on to ships, for example, Orrskär, Varberg and Gothenburg, and then onward out into the world.

## GLOBAL COORDINATION FOR TRANSPORT BY LORRY

Transportation for shorter deliveries within Scandinavia and Europe takes place by lorry. Since 2019 we have been using the global IT service, C-load, which coordinates transport orders via lorry, container (sea) and train. It means that the lorries that go to the same area to deliver material can be more fully utilised. We can thereby be a part of a sustainable ecosystem for lorry transports.



■ Main route ■ Alternative route



# Delivery flows as a result of Covid-19

**Like the rest of the world, Bergkvist Siljan's entire business has been substantially affected by the Covid-19 pandemic during 2020. One perspective on this is how the delivery flows have had to be adapted during the year. During the year, our customers throughout the world have been affected in different phases by increased sick leave, shutdowns and logistics challenges that have tested our capacity for flexibility and adaptation.**

## SPRING 2020

During the spring we were affected directly by the pandemic for the first time through major restrictions, primarily in China. This meant that from February to April, consumption fell drastically in the Chinese market as industries closed, and also many departures were cancelled by the large container ships. The ships were cancelled as a result of many industries simultaneously experiencing the same effects in China. There was consequently not the volume either to or from China to fill the loads.

The effect of this for Bergkvist Siljan was significant, in that a shortage of both containers and space on ships from Europe to Asia rapidly arose. Bergkvist Siljan acted quickly in this situation by proactively securing volumes on the few departures that went from Europe to Asia, as well as rerouting the business from China to Japan and Europe – where demand was still high.

## SUMMER 2020

When the pandemic wave hit Europe, many countries took the decision to implement large-scale shutdowns, which had a major impact on the industries in Europe which use wood. Besides the effect of the actual shutdowns, the logistics down towards Europe were also affected, as countries' different restrictions led to reduced mobility. At the same time as this was taking place, the Chinese market started to open up again after their major cutbacks earlier.

These changes led to the redistribution towards the European market that Bergkvist Siljan had previously implemented now becoming problematic for the delivery flows. The next phase for the company was therefore a change to returning to a greater emphasis on deliveries to China – but also on Scandinavia, which has a high consumption for renovations.



*The container terminal in Insjön*

## AUTUMN 2020

During the autumn, spread of the infection had decreased in many markets after the summer, which drove consumption and the desire to replenish stocks. The underlying market consumption was simultaneously at a decrease in new construction starting, while renovations and wood product industries maintained a high level of consumption. At this time, the Japanese market was very well-supplied due to high stocks after normal deliveries, but with lower consumption during spring and autumn. Once again, the organisation within Bergkvist Siljan was encouraged to redirect deliveries, this time with the focus on the US and Europe, but also China.

Overall, this year's changes in our deliveries have no historical parallel. The entire organisation has put in a lot of energy and had great flexibility during the entire period, enabling us to maintain deliveries effectively – despite the challenges. At the same time, our strength in being connected to the railway network has been crucial for favourable logistics alternatives. The long-term and sustainable position with uniform flows along the rail shuttle down to Gothenburg and onward out into the world has once again proven to be a key to success.



# Responsible business

**Bergkvist Siljan exports wood products to several parts of the world, primarily Europe, Asia and North Africa. We place high requirements on social conditions and human rights in all our business relations, and we have zero tolerance towards corruption.**

We want to compete on equitable terms, and we follow the UN's declaration of human rights and ILO's core conventions. This means that we do not accept child labour, forced labour or other involuntary labour.

During 2020 we have not made any observations that have led us to suspect child labour, forced labour or other involuntary labour at our customers, potential customers or other partners. We have therefore not needed to take measures to end or avoid entering into a collaboration with a partner.

## NEW BUSINESS STRATEGY WILL FACILITATE MATTERS

Bergkvist Siljan's new business strategy is based on using our own container terminal and doing our own planing to a higher degree than previously. We will also have more clearly defined focus markets and fewer customers.

"This means that we can enter into more in-depth partnerships with our customers and gain an even better insight into how they work and what the workplaces are like. It will further simplify the work with these issues," says Max Andersson, Sales Manager for Europe.

## SOCIAL CONDITIONS AND HUMAN RIGHTS

Bergkvist Siljan only does business with customers which comply with human rights. We also often visit our customers physically at their plants in order to ensure that they

operate in a way that accords with our values – a task that has been made somewhat more difficult during the pandemic.

"We are lucky to have our own personnel or agents, who live in the country and speak the language, in the markets where we have not been able to travel during the pandemic. This has meant that we have nevertheless been able to regularly keep in touch with customers. We have also chosen to be restrictive about taking on new customers during the year, in order to avoid risks," Max Andersson says.

## ANTI-CORRUPTION

Bergkvist Siljan is active in markets with higher corruption risks than in the Swedish market in isolation. We have zero tolerance towards bribes and do not accept any employees receiving or giving personal gifts or payments to business partners.

We have a clear anti-corruption policy where the four eyes principle applies for all contract closures. All employees in senior positions must, in addition, undergo a training session in anti-corruption within each two-year period.

Thus far, we have not had any cases of corruption via the SIA reporting system or the whistle-blower function.

*“The new business plan will make it even easier to conduct responsible business”*

Max Andersson, Sales Manager Europe



The Strandparken residential area in Sundbyberg,  
with building facades clad with  
residual wood shavings.  
Photo: Svenskt Trä

# We believe in a sustainable future

**Bergkvist Siljan is a group with its roots in the soil of Dalarna. We have the world as our area of operations and contribute to greater use of the Swedish forest in buildings, packaging and clothes – many times over.**

We are now working hard to make the usage of wood even more circular, so that the wood fibre is utilised on repeated occasions. We want our forests to be managed sustainably for both people and the environment. And we want our employees to thrive with us. This is what sustainability is for us. And working sustainably is a task that is constantly ongoing.

What do we perceive ahead of us? We see an increased digitalisation – which is very welcome. We are not far away from receiving information about the raw material directly from the harvester in the forest to our industries, so that the right log is sent to the right place. Something else that is within reach is that the haulier can see which site has the shortest waiting times as early as when the log is extracted and thus minimise time wastage. The opportunities that digitalisation has for our industry are enormous.

"We work with a raw material that is increasingly in demand around the world, in the hunt for renewable materials. An increasing number of sectors are now rapidly changing to sustainable materials that are beneficial for human beings, as well as enterprise and the environment. Metals and plastics are being replaced with more long-term alternatives, and this is creating new applications for our raw material and more opportunities for Bergkvist Siljan as a company," says Katarina Mowitz, CEO of Bergkvist Siljan Skog.

"But it all starts with you and me. Sustainability means that we must act in a way that creates trust and every day choose what contributes to sustainable development," Katarina Mowitz concludes.

The Board of Directors of Bergkvist Siljan AB (publ) is responsible for production of this sustainability report. It has been drawn up in accordance with the regulations in ÅRL, chapter 6.

*Insjön February 2021*

**Ulf Bergkvist**

*Chairperson Bergkvist Siljan AB (publ)*

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## Auditor's report on the statutory sustainability report

*To the general meeting of the shareholders in Bergkvist-Siljan AB (publ), corporate identity number 559136-6686*

### ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2020 and that it has been prepared in accordance with the Annual Accounts Act.

### THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### OPINION

A statutory sustainability report has been prepared.

*Mora February 2021*

*Öhrlings PricewaterhouseCoopers AB*

**Anders Hvittfeldt**

*Authorised Public Accountant*



 **Bergkvist  
Siljan**

[bergkvistsiljan.com](http://bergkvistsiljan.com)